

RESOLUTION PROVIDING PROPERTY TAX**EXEMPTION**

2004 GENERAL SESSION

STATE OF UTAH

Sponsor: James A. Ferrin

LONG TITLE**General Description:**

This joint resolution of the Legislature proposes to amend the Utah Constitution to allow for certain property to be exempted from property tax.

Highlighted Provisions:

This resolution proposes to amend the Utah Constitution to:

- ▶ allow property that is not owned but is used, controlled, and possessed by a school district or charter school to be exempt from property tax as provided by statute.

Special Clauses:

This resolution directs the lieutenant governor to submit this proposal to voters.

This resolution provides an effective date.

Utah Constitution Sections Affected:

AMENDS:

ARTICLE XIII, SECTION 3

Be it resolved by the Legislature of the state of Utah, two-thirds of all members elected to each of the two houses voting in favor thereof:

Section 1. It is proposed to amend Utah Constitution Article XIII, Section 3, to read:

Article XIII, Section 3. [Property tax exemptions.]

(1) The following are exempt from property tax:

(a) property owned by the State;



- 28 (b) property owned by a public library;
- 29 (c) property owned by a school district;
- 30 (d) property owned by a political subdivision of the State, other than a school district,
31 and located within the political subdivision;
- 32 (e) property owned by a political subdivision of the State, other than a school district,
33 and located outside the political subdivision unless the Legislature by statute authorizes the
34 property tax on that property;
- 35 (f) property owned by a nonprofit entity used exclusively for religious, charitable, or
36 educational purposes;
- 37 (g) places of burial not held or used for private or corporate benefit;
- 38 (h) farm equipment and farm machinery as defined by statute; and
- 39 (i) water rights, reservoirs, pumping plants, ditches, canals, pipes, flumes, power
40 plants, and transmission lines to the extent owned and used by an individual or corporation to
41 irrigate land that is:
- 42 (i) within the State; and
- 43 (ii) owned by the individual or corporation, or by an individual member of the
44 corporation.
- 45 (2) (a) The Legislature may by statute exempt the following from property tax:
- 46 (i) tangible personal property constituting inventory present in the State on January 1
47 and held for sale in the ordinary course of business;
- 48 (ii) tangible personal property present in the State on January 1 and held for sale or
49 processing and shipped to a final destination outside the State within 12 months;
- 50 (iii) subject to Subsection (2)(b), property to the extent used to generate and deliver
51 electrical power for pumping water to irrigate lands in the State;
- 52 (iv) up to 45% of the fair market value of residential property, as defined by statute;
53 and
- 54 (v) household furnishings, furniture, and equipment used exclusively by the owner of
55 that property in maintaining the owner's home.
- 56 (b) The exemption under Subsection (2)(a)(iii) shall accrue to the benefit of the users
57 of pumped water as provided by statute.
- 58 (3) The following may be exempted from property tax as provided by statute:

(a) property owned by a disabled person who, during military training or a military conflict, was disabled in the line of duty in the military service of the United States or the State; [and]

(b) property owned by the unmarried surviving spouse or the minor orphan of a person who:

(i) is described in Subsection (3)(a); or

(ii) during military training or a military conflict, was killed in action or died in the line of duty in the military service of the United States or the State[-]; and

(c) property that is not owned but is used, controlled, and possessed **FOR EDUCATIONAL PURPOSES** ^h by a school district or charter school.

(4) The Legislature may by statute provide for the remission or abatement of the taxes of the poor.

Section 2. **Submittal to voters.**

The lieutenant governor is directed to submit this proposed amendment to the voters of the state at the next regular general election in the manner provided by law.

Section 3. **Effective date.**

If the amendment proposed by this joint resolution is approved by a majority of those voting on it at the next regular general election, the amendment shall take effect on January 1, 2005.

Legislative Review Note

as of 2-2-04 10:45 AM

A limited legal review of this legislation raises no obvious constitutional or statutory concerns.

Office of Legislative Research and General Counsel

Fiscal Note
Bill Number HJR026

Resolution Providing Property Tax Exemption*11-Feb-04**11:28 AM*

State Impact

It is estimated that publication and distribution costs to put this resolution on the ballot would be \$11,500 from the General Fund. Any impact on local property tax revenues will be dependent on passage of this resolution as a constitutional amendment in a general election.

	<u>FY 2005</u> <u>Approp.</u>	<u>FY 2006</u> <u>Approp.</u>	<u>FY 2005</u> <u>Revenue</u>	<u>FY 2006</u> <u>Revenue</u>
General Fund	\$11,500	\$0	\$0	\$0
TOTAL	\$11,500	\$0	\$0	\$0

Individual and Business Impact

No fiscal impact.

Office of the Legislative Fiscal Analyst